

**PREFILED REBUTTAL TESTIMONY OF
CHRISTOPHER P.N. WOODCOCK**

Q: Please state your name and business address?

A: My name is Christopher P.N. Woodcock and my business address is 18 Increase Ward Drive, Northborough, Massachusetts 01532.

Q: Are you the same Christopher Woodcock that submitted prefiled direct testimony in this docket?

A: Yes, I am.

Q: What is the purpose of this testimony?

A: I would like to respond to certain points or conclusions that were made in the pre-filed testimony of Ms. Andrea Crane. I have only addressed some of the points she has raised; Mr. Bebyn and Ms. Marchand will address others in their rebuttal testimony.

Q: What issues would you like to address?

A: There are several items where we disagree with Ms. Crane's recommendations:

- Employee benefits
- Training costs
- Chemical costs
- IFR Funding
- Operation & Maintenance Reserve Fund Deposit
- 1.5% Operating Income

As Ms. Crane noted, there are several items where she has proposed adjustments that we agree on. These include several line items for printing, outside services in the customer service unit, the reduction in taxes from Cumberland, and the adjustments for beeper stipends.

1 Q: Please address the first item – employee benefits.

2 A: In reviewing the data requests and costs to date we found that the values that we
3 presented in the original filing for FY 2003 employee benefits were incorrect.
4 These costs were inflated for the rate year – FY 2004 – and these are also incor-
5 rect. The PWSB now has quotes for FY 2004 and I have included these in my up-
6 dated schedules. They include \$512,311 for BC/BS for the current employees,
7 \$39,260 for Delta Dental coverage, and \$82,425 for retired employees. Nearly all
8 the cost for the retired employees is related to health insurance, so I have included
9 it with the Health Insurance costs on Schedule 1.0 (page 1 under Administration)
10 and Schedule 1.1 (page 1).
11 The proposed adjustments represent an increase over the test year of \$142,090.
12 The total claimed is \$633,996, some \$16,000 less than that proposed by Ms.
13 Crane.

14
15 Q: Do you agree with Ms. Crane's adjustments for Training & Education?

16 A: No I do not. Ms. Crane has recommended the amount that was provided in the
17 prior docket. Much of the PWSB's training and education costs are associated with
18 courses and seminars provided by the New England Water Works Association
19 (NEWWA). In February of this year, the NEWWA Board of Directors voted a 4-5%
20 increase in training courses and a 50% increase in the fees for the April Operator's
21 Conference. The PWSB also plans on sending at least one Board member to the
22 Annual Conference to become more familiar with waterworks issues and programs.
23 In light of this, I believe the \$12,000 rate year value we provided is appropriate. It is
24 important that the PWSB's employees and Board members be provided the educa-
25 tional opportunities that are afforded by these programs.

26
27 Q: Please discuss your position on the chemical costs.

28 A: The PWSB has provided updated chemical use and costs in a number of data re-
29 sponses, some of which may have been received after Ms. Crane's testimony was
30 due and too late for her to consider. The following table presents the rate year

chemical costs based on the rate year (FY 04) bid prices and annual uses. Because we now have bid prices for the rate year, no inflationary adjustment needs to be made.

<u>Chemical</u>	<u>Annual Amt</u> <u>(units)</u>	<u>Current</u> <u>Unit Cost</u>	<u>Adj. Annual</u> <u>Cost</u>
Polymer (gal)	2,090.0	\$4.000	\$8,360
Chlorine (tons)	102.0	\$550.00	\$56,100
Caustic (dry tons)	344.9	\$328.800	\$113,403
Alum (tons)	345.1	\$214.67	\$74,083
Alum (gal)	55,268.0	\$0.59	\$32,608
Sodium Aluminate (gal)	33,480.0	\$2.19	\$73,318
Fluoride (tons)	111.5	\$166.80	\$18,598
Sod. Hypo (gal)	5,940.0	\$1.37	\$8,138
Carbon (ton)	2.0	\$1,105.00	\$2,210
Corrosion Cntl (gal)	4,050.0	\$3.80	\$15,390
Totals			\$402,208

Ms. Crane has recommended adjusting the amounts to account for an increase in sales that she has projected. The PWSB does not believe that such increases will occur as discussed in Mr. Bebyn's rebuttal testimony. Accordingly, I have not increased the amounts of volumes as Ms. Crane has recommended.

Ms. Crane has stated (page 28 of her testimony) that she is not opposed to the proposal to fund the increase in IFR costs through rates. However she also recommends "a two year recovery period" for the \$638,000 in IFR costs. The Infrastructure Replacement program and the legislation that authorized it clearly recognize that this is not a one-time expense; rather, it is an annual expense. There is no amortization or recovery period for the IFR program. To simply cut the cost in half and say that it is funded over two years fails to recognize that the IFR costs are annual costs. The PWSB has proposed the phasing in of the IFR costs and the incremental increase we proposed has been part of the plan to gradually increase this expense so as not to place too large a burden on the ratepayers all at once. In the prior docket, the IFR costs requested were reduced by the PWSB in recognition of the impact on ratepayers. This was also a consideration in this rate filing. The

1 PWSB needs the full amount of IFR funding in place in order to fund the main re-
2 placement projects and the treatment plant upgrades.

3 As shown in Ms. Gurghigian's prefiled testimony (page 5), the PWSB is expected to
4 issue additional SRF debt that will increase the annual debt service by nearly
5 \$950,000 in FY 2005 (following the rate year) with an addition of nearly \$1.5 million
6 the following year. It is critical that the PWSB have a sufficient revenue base to
7 begin paying its infrastructure costs and reflect the upcoming increases related to
8 new debt.

9 To cut the increase in IFR funding in half not only fails to recognize the ongoing,
10 annual nature of the IFR legislation and programs, it also fails to recognize the
11 need for future funding that has been the subject of much debate in prior proceed-
12 ings before this Commission. Mr. Early presented the PWSB's financing plan as
13 part of Docket 3378, and in that he presented annual IFR funding in excess of \$2.6
14 million starting in FY 2003. This is the approximate amount we are seeking in this
15 case; however we are now looking for that in FY 2004. In the settlement to that
16 docket, the Division agreed that the PWSB's proposed capital improvement pro-
17 jects were generally reasonable. Despite some bumps in the road since that
18 docket, the PWSB has been moving forward as best it could with the understanding
19 that the Commission and the Division were generally supportive of the proposed
20 capital improvement program and plan of financing. To back off on that under-
21 standing now through an arbitrary 50% cut in the IFR funding will send a contrary
22 signal to the PWSB and its lenders.

23 I am sympathetic to Ms. Crane's concerns about Pawtucket's ratepayers. While a
24 reduction in the IFR funding may save the ratepayers in one year, it would result in
25 greater rate shock in future years in order to catch up. I can not urge the Commis-
26 sion strongly enough to continue its support of the PWSB's capital program and
27 plan of finance and to support the full annual funding of the IFR program at the re-
28 quested level.

1 Q: Ms. Crane has also recommended a reduction in the deposit to the Operation &
2 Maintenance Reserve Fund. Will you discuss this please?

3 A: Ms. Crane's Schedule ACC-20 presents her recommendation. In essence she has
4 calculated the required reserve amount at 25% of the operating costs and deducted
5 the projected deposits through the end of FY 2003. She has then taken this bal-
6 ance and proposed recovery of the remaining balance over an additional three-year
7 period.

8 It was quite clear during Docket 3378 that the full funding of this reserve was to be
9 accomplished over three years, with incremental deposits thereafter to reflect in-
10 creases in the O&M costs. The settlement in Docket 3378 states: "31. The parties
11 agree that the Board's O&M Reserve Deposit may be funded based on 25% of pro
12 forma operating and maintenance expenses. The parties agree to a revenue al-
13 lowance of \$543,428, which will allow for funding of the reserve over a 3-year pe-
14 riod."

15 The rate year in Docket 3378 was calendar year 2002. To fully fund the O&M re-
16 serve in three years would mean that the fund be at the required level by December
17 31, 2004. Even if we were to use the logic presented in Ms. Crane's Schedule
18 ACC-20, it would mean that her "required balance" of \$1,397,033 be funded in 18
19 months (June 30, 2003 – December 31, 2004) -- \$77,613 per month or \$931,355
20 per year.

21 As discussed in our rebuttal testimony, we believe that 25% of the pro forma
22 operating costs should be substantially more. Following Ms. Crane's calculation
23 logic and the settlement agreement in Docket 3378, the amount for this fund should
24 be as follows:

Pro Forma O&M	\$8,461,043
25%	\$2,115,261
Deposits (18 mo)	\$815,142
Required Balance	\$1,300,119
Recovery Period	1.5
Annual amount	\$866,746

25 In this case the PWSB has requested \$705,087 for the O&M reserve deposit. We
26 acknowledge that there have been delays in the PWSB's capital program and have

1 simply asked for one third of the required amount (\$2,115,261) in order to maintain
2 funding of this required reserve deposit. Should the Commission accept Ms.
3 Crane's proposal and even if the rates were fully in place and being collected on
4 July 1, 2003, full funding of this reserve would not occur until June 30, 2006! This
5 also assumes that there are no increases to the O&M costs that Ms. Crane has rec-
6 ommended for FY 2004 – no increases for two full years. June 30, 2006 is far in
7 excess of the period that was stipulated to by the parties and in combination to the
8 inadequate funding for increases sends a terrible signal to the investment commu-
9 nity at a time when the PWSB needs all the support it can get for the financing of its
10 capital improvement program.

11
12 Q: The last item you indicated a difference with Ms. Crane on was the Operating Re-
13 serve. Can you comment on this?

14 A: Ms. Crane has made an erroneous assumption on page 30 of her testimony when
15 she states, "it is reasonable to assume that the Board considers \$57,321 to be suf-
16 ficient." The Water Supply Board has never stated this nor given any indication that
17 this is their position. Ms. Crane's assumption is wrong.

18 I was quite clear in my direct testimony in stating, "Because the Board authorized
19 an increase that was restricted to 28%, I have reduced the amount typically sought
20 within the 1.5% allowance as a operating income. This reduced the amount of the
21 increase to 28%. Should the Commission find that any of the revenue require-
22 ments in the filing are overstated or there is disagreement, we hope to restore fund-
23 ing for this item up to the normal 1.5% allowance, yet keep within the request ini-
24 tially made."

25 The filing was brought to the Board with the full 1.5% for the operating reserve.
26 Subsequent to the presentation to the Board but before the case was filed; we
27 found several expense items that needed to be adjusted upwards. Due to the
28 Board's restriction of a 28% increase, we were forced to reduce something and
29 chose to reduce the operating reserve allowance. With the reductions we have
30 now agreed to, it is now possible to restore the operating reserve to the full 1.5%.

As stated in my direct testimony, we are asking that this allowance be fully funded at the traditional 1.5% level.

The Commission is well aware of the funding difficulties that the PWSB has had over the past few years. Clearly they have not been granted too much by the Commission. The PWSB has been very careful with its expenditures, cutting costs due to limited revenues at a time when the system was in clear need of attention. The PWSB has had to ask the Commission to use IFR funds for needed operating expenses. I can think of few water utilities that may be in greater need of the full funding for this reserve. To cut it based on an erroneous assumption would be a mistake. We ask that full funding at 1.5% of the rate year expenses be allowed by the Commission. This would still result in a revenue increase that slightly less than that we had originally requested.

Q: Have you updated the schedules you had originally submitted in this case?

A: Yes I have. They are attached to this testimony and reflect the adjustments discussed by me, Mr. Bebyn and Ms. Marchand.

TEST YEAR & RATE YEAR EXPENSES

<u>Expense Item</u>	<u>Test Year FY 2002</u>	<u>Summary of Adjustments</u>	<u>Rate Year FY 2004</u>	<u><----- Adjustments Detail -----></u>	
				<u>Other Adjustments</u>	<u>Supporting Schedule</u>
ADMINISTRATION					
Admin Salaries	\$372,820	\$89,567	\$462,387	\$89,567	Reb. Sch. 1.3
Admin Overtime	\$7,169	\$437	\$7,606	\$437	Reb. Sch. 1.3
Police Payroll	\$2,535	\$0	\$2,535		
Out of Class Pay	\$0	\$0	\$0		
Admin. Longevity	\$12,916	\$5,107	\$18,023	\$5,107	Reb. Sch. 1.3
Admin. Vacation & Sick Pay	\$5,399	\$0	\$5,399	\$0	Reb. Sch. 1.3
FICA Payroll Tax	\$24,027	\$5,897	\$29,924	\$5,897	6.2% of salary adjustments
Medicare Payroll Tax	\$5,625	\$1,379	\$7,004	\$1,379	1.45% of salary adjust.
Health Benefits	\$456,523	\$138,213	\$594,736	\$138,213	Reb. Sch. 1.1
Dental Benefits	\$35,383	\$3,877	\$39,260	\$3,877	Reb. Sch. 1.1
MERS Contribution	\$0	\$0	\$0		
Education & Training	\$7,519	\$4,481	\$12,000	\$4,481	Budget Adjustment
Outside Services	\$73,325	\$46,175	\$119,500	\$46,175	Budget Adjustment
Pagers/Cell Phones	\$14,342	(\$1,142)	\$13,200	(\$1,142)	Budget Adjustment
Maint. of Gen'l Plant	\$10,628	\$0	\$10,628		
Telephone	\$15,415	\$6,585	\$22,000	\$6,585	Budget Adjustment
Heating	\$7,167	\$10,833	\$18,000	\$10,833	Budget Adjustment
Other Utilities	\$1,561	\$0	\$1,561		
Unemployment Insurance	\$4,584	\$0	\$4,584		
Workers Compensation	\$23,932	\$11,068	\$35,000	\$11,068	Budget Adjustment
Property Insurance	\$73,929	\$47,686	\$121,615	\$47,686	Reb. Sch. 1.1
Advertising/Classified	\$2,228	\$2,772	\$5,000	\$2,772	Budget Adjustment
Printing	\$19,054	\$2,946	\$22,000	\$2,946	Budget Adjustment
Dues & Subscriptions	\$20,164	\$0	\$20,164		
Office Supplies/Other	\$18,706	\$1,294	\$20,000	\$1,294	Budget Adjustment
Postage	\$14,590	\$0	\$14,590		
Housekeeping Supplies	\$4,596	\$1,854	\$6,450	\$1,854	Budget Adjustment
Municipal Charges	\$120,314	\$3,686	\$124,000	\$3,686	Budget Adjustment
Capitalized Materials	\$4,571	\$0	\$4,571		
Materials & Supplies	\$8,322	\$0	\$8,322		
Bad Debt Expense	\$0	\$0	\$0		
Damage Claims	\$3,873	\$2,127	\$6,000	\$2,127	Budget Adjustment
Depreciation	\$0	\$0	\$0		
Cent Falls Franch. Fee Settle.	\$357,371	(\$184,540)	\$172,831	(\$184,540)	Reb. Sch. 1.1
Regulatory Comm. Expense	\$158,983	\$0	\$158,983		
Other Miscellaneous	\$89,891	\$0	\$89,891		
Other	\$0	\$0	\$0		
Subtotal - Admin	\$1,977,462	\$200,302	\$2,177,764	\$200,302	
CUSTOMER SERVICE					
Payroll	\$172,059	(\$50,585)	\$121,474	(\$50,585)	Reb. Sch. 1.3
Overtime	\$2,267	\$138	\$2,405	\$138	Reb. Sch. 1.3
Longevity	\$8,662	(\$5,405)	\$3,257	(\$5,405)	Reb. Sch. 1.3
Vacation & Sick Time	\$4,859	\$0	\$4,859	\$0	Reb. Sch. 1.3
FICA	\$11,638	(\$3,463)	\$8,175	(\$3,463)	6.2% of salary adjustments
Medicare	\$2,722	(\$810)	\$1,912	(\$810)	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Education & Training	\$980	\$2,020	\$3,000	\$2,020	Budget Adjustment
Outside Services	\$20,096	(\$396)	\$19,700	(\$396)	Budget Adjustment
Vehicle Maint - Fuel & Misc.	\$724	\$0	\$724		
Telephone	\$1,461	\$0	\$1,461		
Maint Misc Equip	\$1,592	\$0	\$1,592		
Printing	\$17,053	\$2,447	\$19,500	\$2,447	Budget Adjustment
Dues & Subscriptions	\$110	\$0	\$110		

TEST YEAR & RATE YEAR EXPENSES

<u>Expense Item</u>	<u>Test Year FY 2002</u>	<u>Summary of Adjustments</u>	<u>Rate Year FY 2004</u>	<u><---- Adjustments Detail ----></u>	
				<u>Other Adjustments</u>	<u>Supporting Schedule</u>
Postage	\$19,529	\$12,471	\$32,000	\$12,471	Budget Adjustment
Miscellaneous Supplies	\$0	\$0	\$0		
Other Misc.	\$3,259	\$0	\$3,259		
Subtotal - Customer Accts	\$267,011	(\$43,583)	\$223,428	(\$43,583)	
SOURCE OF SUPPLY					
Security Services	\$52,421	\$0	\$52,421		
Salaries	\$0	\$95,286	\$95,286	\$95,286	Reb. Sch. 1.3
Overtime	\$0	\$0	\$0	\$0	Reb. Sch. 1.3
Longevity	\$0	\$7,826	\$7,826	\$7,826	Reb. Sch. 1.3
Vacation & Sick Time	\$0	\$0	\$0	\$0	Reb. Sch. 1.3
FICA	\$0	\$6,393	\$6,393	\$6,393	6.2% of salary adjustments
Medicare Payroll Tax	\$0	\$1,495	\$1,495	\$1,495	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Security Vehicles	\$0	\$0	\$0		
Vehicle Maint - Fuel & Misc.	\$0	\$0	\$0		
Maint of Structures	\$689	\$0	\$689		
Maint - Collection Reservoirs	\$51,486	\$0	\$51,486		
Maint - Wells	\$0	\$0	\$0		
Maint - Misc. Plant	\$5,660	\$0	\$5,660		
Maint - Wells & Springs	\$0	\$0	\$0		
Light & Power	\$20,732	\$0	\$20,732		
Beeper Stipend	\$0	\$1,820	\$1,820	\$1,820	Reb. Sch. 1.3
Depreciation	\$0	\$0	\$0		
Property Tax	\$455,897	\$127,981	\$583,878	\$127,981	Reb. Sch. 1.1
Miscellaneous	\$0	\$0	\$0		
Subtotal - Supply	\$586,885	\$240,801	\$827,686	\$240,801	
PUMPING					
Salaries	\$0	\$0	\$0	\$0	Reb. Sch. 1.3
Overtime	\$0	\$0	\$0	\$0	Reb. Sch. 1.3
Longevity	\$0	\$0	\$0	\$0	Reb. Sch. 1.3
Vacation & Sick Time	\$0	\$0	\$0	\$0	Reb. Sch. 1.3
FICA	\$0	\$0	\$0	\$0	6.2% of salary adjustments
Medicare Payroll Tax	\$0	\$0	\$0	\$0	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Maint - Structures & Improvmnt	\$920	\$0	\$920		
Maint - Water Treatment Plant	\$1,463	\$0	\$1,463		
Maint - Equipment	\$2,847	\$0	\$2,847		
Plant Maintenance	\$0	\$0	\$0		
Telephone	\$1,960	\$0	\$1,960		
Heating	\$9,821	\$0	\$9,821		
Purchased Power	\$523,940	\$0	\$523,940		
Depreciation	\$0	\$0	\$0		
Property Tax	\$15,155	\$5,048	\$20,203	\$5,048	Reb. Sch. 1.1
Miscellaneous	\$175	\$0	\$175		
New due to DBO Delay	\$0	\$90,000	\$90,000	\$90,000	Reb. Sch. 1.1
Subtotal - Pumping	\$556,281	\$95,048	\$651,329	\$95,048	
PURIFICATION					
Salaries	\$572,457	(\$33,199)	\$539,258	(\$33,199)	Reb. Sch. 1.3
Overtime	\$32,126	\$1,956	\$34,082	\$1,956	Reb. Sch. 1.3
Out of Class Pay	\$741	\$0	\$741		
Beeper Stipend	\$5,710	(\$1,810)	\$3,900	(\$1,810)	Reb. Sch. 1.3
Longevity	\$18,673	(\$4,214)	\$14,459	(\$4,214)	Sch. 1.3
Vacation & Sick Time	\$10,798	\$0	\$10,798	\$0	Sch. 1.3

TEST YEAR & RATE YEAR EXPENSES

<u>Expense Item</u>	<u>Test Year FY 2002</u>	<u>Summary of Adjustments</u>	<u>Rate Year FY 2004</u>	<u><---- Adjustments Detail ----></u>	
				<u>Other Adjustments</u>	<u>Supporting Schedule</u>
FICA	\$39,441	(\$2,198)	\$37,243	(\$2,198)	6.2% of salary adjustments
Medicare	\$9,223	(\$514)	\$8,709	(\$514)	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Education & Training	\$18,313	\$0	\$18,313		
Lab Testing	\$40,951	\$0	\$40,951		
Vehicle Maint - Tires	\$926	\$0	\$926		
Vehicle Maint - Inspection	\$5	\$0	\$5		
Vehicle Maint - Outside Parts	\$2,846	\$0	\$2,846		
Vehicle Maint - Fuel & Misc	\$5,970	\$0	\$5,970		
Maint - Structures	\$8,500	\$0	\$8,500		
Maint - Distrib. Reservoirs	\$5,081	\$0	\$5,081		
Maint - Wells	\$0	\$0	\$0		
Maint - Equipment	\$40,086	\$0	\$40,086		
Maint - Facilities	\$739	\$0	\$739		
Telephone	\$7,112	\$0	\$7,112		
Light & Power	\$171,973	\$0	\$171,973		
Heating	\$11,924	\$0	\$11,924		
Other Utilities	\$206	\$0	\$206		
Advertising/Classified	\$0	\$0	\$0		
Dues & Subscriptions	\$152	\$0	\$152		
Office Supplies	\$5,138	\$0	\$5,138		
Postage	\$845	\$0	\$845		
Materials & Supplies	\$7,349	\$0	\$7,349		
Chemicals	\$256,684	\$145,524	\$402,208	\$145,524	Reb. Sch. 1.1
Depreciation	\$0	\$0	\$0		
Property Tax	\$69,998	\$23,328	\$93,326	\$23,328	Reb. Sch. 1.1
Other Miscellaneous	\$30,537	\$0	\$30,537		
New due to DBO Delay	\$0	\$898,500	\$898,500	\$898,500	Reb. Sch. 1.1
Subtotal - Purification	\$1,374,504	\$1,027,372	\$2,401,876	\$1,027,372	
TRANSMISSION & DISTRIBUTION					
Payroll	\$632,277	\$117,708	\$749,985	\$117,708	Reb. Sch. 1.3
Overtime	\$88,685	\$5,401	\$94,086	\$5,401	Reb. Sch. 1.3
Out of Class Pay	\$3,075	\$0	\$3,075		
Beeper Stipend	\$6,320	\$1,220	\$7,540	\$1,220	Reb. Sch. 1.1
Longevity	\$50,146	\$9,014	\$59,160	\$9,014	Reb. Sch. 1.3
Vacation & Sick Time	\$14,037	\$0	\$14,037	\$0	Reb. Sch. 1.3
FICA	\$48,486	\$8,192	\$56,678	\$8,192	6.2% of salary adjustments
Medicare	\$11,339	\$1,916	\$13,255	\$1,916	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Education & Training	\$5,109	\$0	\$5,109		
Vehicle Maint - Insp & Reg	\$549	\$0	\$549		
Vehicle Maint - Tires	\$2,929	\$0	\$2,929		
Vehicle Maint - Batteries	\$2,052	\$0	\$2,052		
Vehicle Maint - Outside Parts	\$24,261	\$0	\$24,261		
Vehicle Maint - Fuel & Misc	\$12,119	\$0	\$12,119		
Maint - Misc Plant	\$2,295	\$0	\$2,295		
Maint - T&D Mains	\$12,407	\$20,000	\$32,407	\$20,000	Leak Detection equip
Maint - Services	\$30,270	\$0	\$30,270		
Maint - Hydrants	\$6,688	\$0	\$6,688		
Telephone	\$2,200	\$0	\$2,200		
Advertising & Classified	\$1,389	\$0	\$1,389		
Dues & Subscriptions	\$65	\$0	\$65		
Capitalized Materials	\$1,945	\$0	\$1,945		
Misc. Tools & Supplies/Inventory	\$8,792	\$0	\$8,792		

TEST YEAR & RATE YEAR EXPENSES

<u>Expense Item</u>	<u>Test Year FY 2002</u>	<u>Summary of Adjustments</u>	<u>Rate Year FY 2004</u>	<u><---- Adjustments Detail ----></u>	
				<u>Other Adjustments</u>	<u>Supporting Schedule</u>
Road Surface Restoration	\$0	\$0	\$0		
Other Misc Supplies	\$4,091	\$0	\$4,091		
Depreciation	\$0	\$0	\$0		
Property Tax	\$97,491	\$32,574	\$130,065	\$32,574	Reb. Sch. 1.1
Other Miscellaneous	\$12,718	\$0	\$12,718		
Subtotal - T&D	\$1,081,735	\$196,024	\$1,277,759	\$196,024	
ENGINEERING					
Payroll	\$285,302	\$70,201	\$355,503	\$70,201	Reb. Sch. 1.3
Overtime	\$5,128	\$312	\$5,440	\$312	Reb. Sch. 1.3
Out of Class Pay	\$1,880	\$0	\$1,880		
Longevity	\$18,304	(\$1,387)	\$16,917	(\$1,387)	Reb. Sch. 1.3
Vacation & Sick Time	\$11,337	\$0	\$11,337	\$0	Reb. Sch. 1.3
FICA	\$19,240	\$4,286	\$23,526	\$4,286	6.2% of salary adjustments
Medicare	\$4,431	\$1,002	\$5,433	\$1,002	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Education & Training	\$1,141	\$2,459	\$3,600	\$2,459	Budget Adjustment
Outside Services	\$2,400	\$0	\$2,400		
Vehicle Maint - Tires & Reg	\$579	\$821	\$1,400	\$821	Budget Adjustment
Vehicle Maint - Batteries	\$482	(\$232)	\$250	(\$232)	Budget Adjustment
Vehicle Maint - Outside Parts	\$690	\$1,810	\$2,500	\$1,810	Budget Adjustment
Vehicle Maint - Fuel & Misc	\$2,954	\$2,046	\$5,000	\$2,046	Budget Adjustment
Maint - Misc Equipment	\$1,327	\$0	\$1,327		
Telephone	\$3,980	\$0	\$3,980		
Advertising & Classified	\$661	\$0	\$661		
Printing	\$1,026	\$0	\$1,026		
Dues & Subscriptions	\$0	\$400	\$400	\$400	Budget Adjustment
Office Supplies & Other	\$16,220	\$1,780	\$18,000	\$1,780	Budget Adjustment
Postage	\$85	\$0	\$85		
Capitalized Materials	\$3,422	\$0	\$3,422		
Other Misc. Expense	\$1,941	\$0	\$1,941		
Miscellaneous Expense	\$7,778	\$0	\$7,778		
Subtotal - Engineering	\$390,308	\$83,499	\$473,807	\$83,499	
METER DEPARTMENT					
Payroll	\$229,721	\$110,832	\$340,553	\$110,832	Reb. Sch. 1.3
Overtime	\$1,157	\$70	\$1,227	\$70	Reb. Sch. 1.3
Out of Class Pay	\$0	\$0	\$0		
Beeper Stipend	\$1,060	(\$20)	\$1,040	(\$20)	Reb. Sch. 1.1
Longevity	\$17,320	(\$5,219)	\$12,101	(\$5,219)	Reb. Sch. 1.3
Vacation & Sick Time	\$7,919	\$0	\$7,919	\$0	Reb. Sch. 1.3
FICA	\$15,569	\$6,552	\$22,121	\$6,552	6.2% of salary adjustments
Medicare	\$3,623	\$1,532	\$5,155	\$1,532	1.45% of salary adjust.
MERS Contribution	\$0	\$0	\$0		
Education & Training	\$665	\$0	\$665		
Vehicle Maint - Tires	\$382	\$0	\$382		
Vehicle Maint - Outside Parts	\$375	\$0	\$375		
Vehicle Maint - Fuel & Misc	\$3,037	\$0	\$3,037		
Maint - Misc Equipment	\$2,125	\$0	\$2,125		
Maint - Meters	\$200	\$0	\$200		
Telephone	\$1,857	\$0	\$1,857		
Advertising & Classified	\$0	\$0	\$0		
Travel	\$1,902	\$0	\$1,902		
Supplies	\$850	\$0	\$850		
Postage	\$117	\$0	\$117		
Capitalized Materials	\$1,418	\$0	\$1,418		

TEST YEAR & RATE YEAR EXPENSES

<u>Expense Item</u>	<u>Test Year FY 2002</u>	<u>Summary of Adjustments</u>	<u>Rate Year FY 2004</u>	<u><---- Adjustments Detail ----></u>	
				<u>Other Adjustments</u>	<u>Supporting Schedule</u>
Merchandising & Jobbing	\$23,608	\$0	\$23,608		
Meter Maint. Expense	\$741	\$0	\$741		
Meter Reading Expense	\$2,698	\$0	\$2,698		
Other Misc. Expense	\$53	\$0	\$53		
Subtotal - Meter Department	\$316,397	\$113,748	\$430,145	\$113,748	
CAPITAL EXPENSE					
Miscellaneous	\$0	\$0	\$0		
RICWFA Fee	\$0	\$100,000	\$100,000	\$100,000	Per Gurghigian testimony
Bond Principal	\$284,812	\$645,188	\$930,000	\$645,188	Reb. Sch. 1.1
Bond Interest	\$101,276	\$1,189,769	\$1,291,045	\$1,189,769	Reb. Sch. 1.1
Lease Payments					
PBA	\$1,921,833	(\$1,921,833)	\$0	(\$1,921,833)	Reb. Sch. 1.1
Vehicle	\$110,689	\$0	\$110,689	\$0	Reb. Sch. 1.1
Repayment WRB Loan	\$191,184	(\$191,184)	\$0	(\$191,184)	paid off in FY 2003
Capitalized Labor	\$0	\$0	\$0		
Capitalized Material & Supply	\$0	\$0	\$0		
IFR	\$2,033,039	\$638,000	\$2,671,039	\$638,000	Reb. Sch. 1.1
WRB - Settlement	\$0	\$0	\$0		
Lead Pipe Replacement	\$0	\$0	\$0		
T&D Replacement	\$0	\$0	\$0		
Treatment/Pumping/Storage	\$0	\$149,200	\$149,200	\$149,200	Reb. Sch. 1.1
O&M Reserve Deposit	\$543,428	\$161,888	\$705,316	\$161,888	Reb. Sch. 1.1
R & R Reserve Deposit	\$0	\$0	\$0		
RFP - New Treatment Plant	\$0	\$0	\$0	\$0	Reb. Sch. 1.1
Subtotal - Capital	\$5,186,261	\$771,028	\$5,957,289	\$771,028	
TOTAL EXPENSES	\$11,736,844	\$2,684,239	\$14,421,083	\$2,684,239	
PLUS: OPERATING INCOME	\$0	\$216,316	\$216,316		
LESS: MISC. REVENUES	(\$273,915)	\$0	(\$273,915)		
REQUIRED FROM RATES	\$11,462,929	\$2,900,556	\$14,363,485	\$2,684,239	

DETAILS OF ADJUSTMENTS TO TEST YEAR EXPENSES

Additional O&M Due to DBO Delay

Treatment/Storage	\$898,500
Pumping	\$90,000

Employee Benefits

	<u>Test Year</u>	<u>FY 2004*</u>	<u>Adjustment</u>
Health Benefits	\$456,523	\$594,736	\$138,213
Dental Benefits	\$35,383	\$39,260	\$3,877

* Updated for new information for Rate Year that became available after filing.

Insurance

Based on July 2002 renewal, property insurance will = \$121,615

Central Falls Franchise Franchise Fee

Total Due	\$623,022
Paid - 10/02	-\$304,191
Paid 1/03	-\$86,000
Estim Pymnt 4/03	-\$60,000
Balance Owed	\$172,831

Property Taxes

	<u>Test Year</u>	<u>FY 2003</u>	<u>FY 2004</u>	
Supply	\$455,897	\$556,074	\$583,878	
Pumping	\$15,155	\$19,241	\$20,203	
Purification	\$69,998	\$88,882	\$93,326	
Trans & Dist	\$97,491	\$123,871	\$130,065	
Total	\$638,541	\$788,069	\$827,472	-\$24,273

Note: FY 2004 taxes estimated to be increased over prior year by 5.0%

RFP For New Treatment Plant DBO

30% Design	\$0
Issue Cost	\$0
Evaluat/Negotiat/Selection	\$0
Subtotal	\$0
Less Remaining Grant	\$0
Net Required	\$0

IFR - Adjusted to total approved in prior docket = \$2,033,039
 Plus Addt'l Need for Plant/Pumping \$638,000
 \$2,671,039

Interim Capital Costs that were to be covered by DBO Contract \$149,200

DETAILS OF ADJUSTMENTS TO TEST YEAR EXPENSES

Chemicals (updated per Div 4-1 thru 3)

	Annual Amt	Current	Adj. Annual	Plus Inflation @
<u>Chemical</u>	<u>(units)</u>	<u>Unit Cost</u>	<u>Cost</u>	<u>0.00%</u>
Polymer (gal)	2,090.0	\$4.000	\$8,360	\$8,360
Chlorine (tons)	102.0	\$550.00	\$56,100	\$56,100
Caustic (dry tons)	344.9	\$328.800	\$113,403	\$113,403
Alum (tons)	345.1	\$214.67	\$74,083	\$74,083
Alum (gal)	55,268.0	\$0.59	\$32,608	\$32,608
Sodium Aluminate (gal)	33,480.0	\$2.19	\$73,318	\$73,318
Fluoride (tons)	111.5	\$166.80	\$18,598	\$18,598
Sod. Hypo (gal)	5,940.0	\$1.37	\$8,138	\$8,138
Carbon (ton)	2.0	\$1,105.00	\$2,210	\$2,210
Corrosion Cntl (gal)	4,050.0	\$3.80	\$15,390	\$15,390
Totals			\$402,208	\$402,208
			Test Yr Amt	\$256,684
			Adjustment	\$145,524

O&M Reserve - recovered over three years = to 1/3 of 25% of the operating expenses

Rate Year Debt & Leases	<u>Existing</u>	<u>New</u>	<u>Total</u>
Debt Principal	\$215,441	\$714,559	\$930,000
Debt Interest	\$102,772	\$1,188,273	\$1,291,045
PBA Principal	\$1,045,000	-\$1,045,000	\$0
PBA Interest	\$810,131	-\$810,131	\$0
Vehicle Lease Principal	\$61,033	\$40,869	\$101,902
Vehicle Lease Interest	\$8,787	\$0	\$8,787

ADJUSTMENTS TO MISCELLANEOUS REVENUES

	Test Year <u>FY 2002</u>	Summary of <u>Adjustments</u>	Rate Year <u>FY 2004</u>
Service Installation	<u>\$64,320</u>	<u>\$0</u>	\$64,320
Merchandising & Jobbing	<u>\$0</u>	<u>\$0</u>	\$0
Rental Income	<u>\$13,235</u>	<u>\$0</u>	\$13,235
Misc Non-operating	<u>\$33,757</u>	<u>\$0</u>	\$33,757
Penalties	<u>\$91,772</u>	<u>\$0</u>	\$91,772
State Surcharge (Admin)	<u>\$70,830</u>	<u>\$0</u>	<u>\$70,830</u>
Total	\$273,915	\$0	\$273,915

SALARY & LABOR ADJUSTMENTS

Salaries	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Admin	\$372,820	\$447,943	\$462,387
Customer Serv	\$172,059	\$141,056	\$121,474
Supply	\$0	\$92,104	\$95,286
Pumping	\$0	\$0	\$0
Purification	\$572,457	\$552,481	\$539,258
Trans & Distrib	\$632,277	\$688,060	\$749,985
Engin	\$285,302	\$344,006	\$355,503
Meter Dept	<u>\$229,721</u>	<u>\$328,807</u>	<u>\$340,553</u>
Total	\$2,264,636	\$2,594,457	\$2,664,445

Longevity	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Admin	\$12,916	\$15,865	\$18,023
Customer Serv	\$8,662	\$6,765	\$3,257
Supply	\$0	\$7,562	\$7,826
Pumping	\$0	\$0	\$0
Purification	\$18,673	\$15,270	\$14,459
Trans & Distrib	\$50,146	\$54,821	\$59,160
Engin	\$18,304	\$16,344	\$16,917
Meter Dept	<u>\$17,320</u>	<u>\$13,646</u>	<u>\$12,101</u>
Total	\$126,021	\$130,274	\$131,743

Overtime	
Test year overtime =	\$136,532
Annual Increase =	3.00%
Two Year increase	6.09%
Rate year overtime =	\$144,847
Increase =	\$8,315
% Change =	6.09%

FICA & Medicare	
FICA set at	6.20% of payroll, overtime and longevity costs
Medicare set at	1.45% of payroll, overtime and longevity costs

Vacation & Sick Pay

Test year costs reflect actual vacation and sick time distributions.

Beeper Stipends - for FY 2004

<u>Department</u>	<u>Number</u>	<u>Amount</u>
Meter Dept	1	\$1,040
Distribution	9	\$7,540
Purification	4	\$3,900
Supply	2	\$1,820

UNITS OF SERVICE

METERS

<u>Meter Size</u>	<u>Quarterly</u>	<u>Monthly</u>	<u>Total</u>	<u>Equiv Factor</u>	<u># of Equivalents</u>
5/8	21,069	7	21,076	1.00	21,076
3/4	235	4	239	1.39	331
1	471	9	480	2.00	960
1 1/2	232	7	239	4.07	973
2	372	43	415	5.29	2,194
3	44	13	57	6.00	342
4	12	12	24	14.00	336
6	3	6	9	21.00	189
8	0	0	0	30.00	0
	=====	=====	=====		=====
Totals	22,438	101	22,539		26,401

PUBLIC FIRE HYDRANTS

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
Pawtucket	1,495	0	1,495
Central Falls	202	0	202
Valley Falls/other	199	0	199
Totals	1,896	0	1,896

PRIVATE FIRE SERVICE

<u>Size</u>	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>	<u>Equiv Factor</u>	<u># of Equivalents</u>
2	14	0	14	5.3	74
4	27	0	27	14.0	378
6	356	0	356	21.0	7,476
8	83	0	83	30.0	2,490
10	3	0	3	30.0	90
12	0	0	0	30.0	0
Total	483	0	483		10,508

UNITS OF SERVICE**METERED WATER USE (ccf/year)**

<u>Class</u>	<u>Test Year</u>	<u>Adjustments *</u>	<u>Rate Year</u>
Small (5/8 - 1")	3,178,622	0	3,178,622
Medium (1.5 - 2")	871,878	0	871,878
Large (3 and 4")	417,293	0	417,293
Very Large (6 and up)	396,927	0	396,927
Total	4,864,720	0	4,864,720
Wholesale			
Cumberland	630,530	0	630,530
Seekonk	0	0	0
Total	630,530	0	630,530

COMPARISON OF CURRENT & PROPOSED RATES

	<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
<u>Metered Rates</u>			
Small (5/8 - 1")	\$1.698	\$2.163	27.4%
Medium (1.5 - 2" & By pass)	\$1.582	\$2.015	27.4%
Large (3 - 4')	\$1.496	\$1.905	27.3%
Very Large (6" and up)	\$1.400	\$1.783	27.4%
Wholesale	\$1.408	\$1.793	27.3%

Service Charges

Quarterly	5/8	\$13.98	\$17.81	27.4%
	3/4	\$17.49	\$22.28	27.4%
	1	\$24.26	\$30.90	27.4%
	1 1/2	\$48.68	\$62.00	27.4%
	2	\$77.79	\$99.08	27.4%
	3	\$155.66	\$198.26	27.4%
	4	\$243.31	\$309.89	27.4%
	6	\$486.54	\$619.68	27.4%
Monthly	8	\$1,119.04	\$1,425.27	27.4%
	5/8	\$7.92	\$10.09	27.4%
	3/4	\$9.09	\$11.58	27.4%
	1	\$10.95	\$13.95	27.4%
	1 1/2	\$17.23	\$21.94	27.3%
	2	\$25.93	\$33.03	27.4%
	3	\$51.89	\$66.09	27.4%
	4	\$81.10	\$103.29	27.4%
Extra Large - Monthly	6	\$162.18	\$206.56	27.4%
	8	\$373.01	\$475.08	27.4%
	3/4	\$9.09	\$11.58	27.4%
	3	\$46.12	\$58.74	27.4%
	4	\$72.19	\$91.94	27.4%
	6	\$144.16	\$183.61	27.4%

Fire Service (annual)

Public	/hydrant/yr	\$348.41	\$443.75	27.4%
Private				
	2	\$125.46	\$159.79	27.4%
	4	\$296.70	\$377.89	27.4%
	6	\$484.81	\$617.48	27.4%
	8	\$1,084.38	\$1,381.12	27.4%
	10	\$1,791.60	\$2,281.87	27.4%
	12	\$2,876.02	\$3,663.04	27.4%

Revenue Under Current Rates

Service Charges	\$1,494,727
Metered Rates	\$8,844,365
Fire Protection	\$938,323
	\$11,277,415
Interim Relief Requested	\$359,700
Percent Increase	3.1896%

IMPACT OF PROPOSED RATES

(quarterly bills unless otherwise noted)

<u>METER SIZE</u>	<u>QUARTERLY USE - CU FT</u>	<u>CURRENT RATES</u>	<u><----- NEW BILL</u>	<u>PROPOSED \$ INCREASE</u>	<u>-----> % INCREASE</u>
Metered Service (Quarterly Bills)					
Small					
5/8	2,000	\$47.94	\$61.07	\$13.13	27.4%
5/8	2,500	\$56.43	\$71.89	\$15.46	27.4%
5/8	4,000	\$81.90	\$104.33	\$22.43	27.4%
5/8	5,000	\$98.88	\$125.96	\$27.08	27.4%
5/8	7,500	\$141.33	\$180.04	\$38.71	27.4%
5/8	10,000	\$183.78	\$234.11	\$50.33	27.4%
5/8	15,000	\$268.68	\$342.26	\$73.58	27.4%
5/8	20,000	\$353.58	\$450.41	\$96.83	27.4%
5/8	25,000	\$438.48	\$558.56	\$120.08	27.4%
1	30,000	\$533.66	\$679.80	\$146.14	27.4%
1	40,000	\$703.46	\$896.10	\$192.64	27.4%
1	75,000	\$1,297.76	\$1,653.15	\$355.39	27.4%
Medium					
1 1/2	100,000	\$1,630.68	\$2,077.00	\$446.32	27.4%
1 1/2	200,000	\$3,212.68	\$4,092.00	\$879.32	27.4%
2	300,000	\$4,823.79	\$6,144.08	\$1,320.29	27.4%
2	400,000	\$6,405.79	\$8,159.08	\$1,753.29	27.4%
Large					
3	250,000	\$3,895.66	\$4,960.76	\$1,065.10	27.3%
3	500,000	\$7,635.66	\$9,723.26	\$2,087.60	27.3%
4	750,000	\$11,463.31	\$14,597.39	\$3,134.08	27.3%
Very Large (monthly accts)					
6	1,000,000	\$14,432.48	\$18,380.83	\$3,948.35	27.4%
6	3,000,000	\$42,432.48	\$54,040.83	\$11,608.35	27.4%
Fire Service (Annual Bill)					
Municipal Fire Service					
	200 hydrants	\$69,682	\$88,750	\$19,068.00	27.4%
	1400 hydrants	\$487,774	\$621,250	\$133,476.00	27.4%
Private Fire Service					
	4 Inch Service	\$296.70	\$377.89	\$81.19	27.4%
	6 Inch Service	\$484.81	\$617.48	\$132.67	27.4%
	8 Inch Service	\$1,084.38	\$1,381.12	\$296.74	27.4%

REVENUE RECONCILIATION

Service Charge:

Quarterly

		<----- Current ----->		<----- Proposed ----->	
	<u>Number</u>	<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
5/8	21,069	\$13.98	\$1,178,178	\$17.81	\$1,500,956
3/4	235	\$17.49	\$16,441	\$22.28	\$20,943
1	471	\$24.26	\$45,706	\$30.90	\$58,216
1 1/2	232	\$48.68	\$45,175	\$62.00	\$57,536
2	372	\$77.79	\$115,752	\$99.08	\$147,431
3	44	\$155.66	\$27,396	\$198.26	\$34,894
4	12	\$243.31	\$11,679	\$309.89	\$14,875
6	3	\$486.54	\$5,838	\$619.68	\$7,436
8	0	\$1,119.04	\$0	\$1,425.27	\$0

Monthly

5/8	7	\$7.92	\$665	\$10.09	\$848
3/4	4	\$9.09	\$436	\$11.58	\$556
1	9	\$10.95	\$1,183	\$13.95	\$1,507
1 1/2	7	\$17.23	\$1,447	\$21.94	\$1,843
2	43	\$25.93	\$13,380	\$33.03	\$17,043
3	13	\$51.89	\$8,095	\$66.09	\$10,310
4	12	\$81.10	\$11,678	\$103.29	\$14,874
6	6	\$162.18	\$11,677	\$206.56	\$14,872
8	0	\$373.01	\$0	\$475.08	\$0

Consumption Charge:

Small (5/8 - 1")	3,178,622	\$1.698	\$5,397,300	\$2.16	\$6,875,359
Medium (1.5 - 2" & By pass)	871,878	\$1.582	\$1,379,311	\$2.02	\$1,756,834
Large (3 & 4)	417,293	\$1.496	\$624,270	\$1.91	\$794,942
Very Large (6 and up)	396,927	\$1.400	\$555,698	\$1.78	\$707,721
Wholesale	630,530	\$1.408	\$887,786	\$1.79	\$1,130,540

REVENUE RECONCILIATION

		<----- Current ----->		<----- Proposed ----->		
Fire Protection:						
Public Hydrants		1,896	\$348.41	\$660,585	\$443.75	\$841,350
Private Fire Protection						
	2	14	\$125.46	\$1,756	\$159.79	\$2,237
	4	27	\$296.70	\$8,011	\$377.89	\$10,203
	6	356	\$484.81	\$172,592	\$617.48	\$219,823
	8	83	\$1,084.38	\$90,004	\$1,381.12	\$114,633
	10	3	\$1,791.60	\$5,375	\$2,281.87	\$6,846
	12	0	\$2,876.02	\$0	\$3,663.04	\$0
			=====		=====	
Total				\$11,277,415		\$14,364,628
Plus: Misc Revenues				\$273,915		\$273,915
			=====		=====	
Pro Forma Revenue				\$11,551,330		\$14,638,543
Required Revenue				\$14,637,400		\$14,637,400
Difference				-\$3,086,070		\$1,143
Increase in Revenues						\$3,087,212
Percent Increase in Total Revenues						26.73%
Percent Increase in Rate Revenues (non-misc)						27.38%

SUMMARY OF COST OF SERVICE

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
Revenues			
Service Charges	\$1,494,727	\$409,412	\$1,904,139
Metered Rates	\$8,844,365	\$2,421,032	\$11,265,398
Fire Protection	\$938,323	\$256,768	\$1,195,092
Miscellaneous	<u>\$273,915</u>	<u>\$0</u>	<u>\$273,915</u>
<i>Total Revenue</i>	\$11,551,330	\$3,087,212	\$14,638,543
Expenses			
<u>O&M</u>			
Admin	\$1,977,462	\$200,302	\$2,177,764
Customer Serv	\$267,011	-\$43,583	\$223,428
Supply	\$586,885	\$240,801	\$827,686
Pumping	\$556,281	\$95,048	\$651,329
Purification	\$1,374,504	\$1,027,372	\$2,401,876
Trans & Distrib	\$1,081,735	\$196,024	\$1,277,759
Engin	\$390,308	\$83,499	\$473,807
Meter Dept	<u>\$316,397</u>	<u>\$113,748</u>	<u>\$430,145</u>
Total O&M	\$6,550,583	\$1,913,211	\$8,463,794
<u>Capital</u>			
Debt Service/Leases	\$2,609,794	-\$278,060	\$2,331,734
Capitalized Costs	\$0	\$0	\$0
IFR	\$2,033,039	\$638,000	\$2,671,039
Reserves	\$543,428	\$161,888	\$705,316
Other Capital	<u>\$0</u>	<u>\$249,200</u>	<u>\$249,200</u>
Total Capital	\$5,186,261	\$771,028	\$5,957,289
<u>Operating Revenue</u>	<u>\$0</u>	<u>\$216,316</u>	<u>\$216,316</u>
<i>Total Expenses</i>	\$11,736,844	\$2,900,556	\$14,637,400
Check	\$11,736,844	\$2,900,556	\$14,637,400
Original		\$2,971,875	
		\$71,319.29	

CALCULATION OF CUMBERLAND SURCHARGE

Cumberland Surcharge Proposal

Increase in Taxes	\$297,256 (including adj. To FY 04)
Sales to Cumberland (hcf)	
Retail	371,388
Wholesale	<u>630,530</u>
Total	1,001,918
Surcharge (\$/ccf)	\$0.297
Annual Revenue	\$297,570
Rate Revenue @ Current =	\$11,277,415
Required Rate Revenue	\$14,363,485
Less Surcharge Revenue	(\$297,570)
Net Required	\$14,065,915
Percent Change	24.73%

COMPARISON OF CURRENT & PROPOSED RATES
WITH CUMBERLAND SURCHARGE

		<u>Current</u>	<u>Proposed</u> <u>W/ Surcharge</u>	<u>% Change</u>
<u>Metered Rates</u>				
Small (5/8 - 1")		\$1.698	\$2.118	24.7%
Medium (1.5 - 2" & By pass)		\$1.582	\$1.973	24.7%
Large (3 - 4')		\$1.496	\$1.866	24.7%
Very Large (6" and up)		\$1.400	\$1.746	24.7%
Wholesale		\$1.408	\$1.756	24.7%
Cumberland Surcharge		\$0.000	\$0.297	
<u>Service Charges</u>				
Quarterly	5/8	\$13.98	\$17.44	24.7%
	3/4	\$17.49	\$21.81	24.7%
	1	\$24.26	\$30.26	24.7%
	1 1/2	\$48.68	\$60.72	24.7%
	2	\$77.79	\$97.02	24.7%
	3	\$155.66	\$194.15	24.7%
	4	\$243.31	\$303.47	24.7%
	6	\$486.54	\$606.84	24.7%
Monthly	8	\$1,119.04	\$1,395.74	24.7%
	5/8	\$7.92	\$9.88	24.7%
	3/4	\$9.09	\$11.34	24.8%
	1	\$10.95	\$13.66	24.7%
	1 1/2	\$17.23	\$21.49	24.7%
	2	\$25.93	\$32.34	24.7%
	3	\$51.89	\$64.72	24.7%
	4	\$81.10	\$101.15	24.7%
Extra Large - Monthly	6	\$162.18	\$202.28	24.7%
	8	\$373.01	\$465.24	24.7%
	3/4	\$9.09	\$11.34	24.8%
	3	\$46.12	\$57.52	24.7%
	4	\$72.19	\$90.04	24.7%
	6	\$144.16	\$179.81	24.7%
<u>Fire Service (annual)</u>				
Public	/hydrant/yr	\$348.41	\$434.56	24.7%
Private	2	\$125.46	\$156.48	24.7%
	4	\$296.70	\$370.06	24.7%
	6	\$484.81	\$604.69	24.7%
	8	\$1,084.38	\$1,352.51	24.7%
	10	\$1,791.60	\$2,234.60	24.7%
	12	\$2,876.02	\$3,587.16	24.7%